

USDA



Nebraska Farm Service Agency

Producer News

September 2008

State Executive Director Comments

In this issue there are important program explanations and announced time deadlines for producers to meet if you want to participate in specific USDA agricultural programs.

Spend your time in carefully reading the articles to educate yourself about the new and the old provisions of the farm programs that are available if you choose to participate. FSA County Office employees will work with you and explain the programs with the information that we have available.



Milton Rogers
State Executive Director

There are sections of the Farm Bill that are similar to the previous Farm Bill that will be familiar to you. For one example, The Direct and Counter-Cyclical (DCP) support programs are important programs that are much like the previous support programs. The producer must contact the FSA Service Center by September 30, 2008 because the DCP programs have requirements of paperwork and signatures that are set by legislation and cannot be extended or changed.

There are also new sections of the Farm Bill legislation that are not familiar to you and are still being defined and implemented by congressional staff, agency staff and attorney's in Washington, D.C. There are several new programs and requirements found in the Farm Bill. Review carefully the section in this newsletter addressing the new disaster programs and the related need to purchase insurance products on all of your agriculture production acres.

The new Farm Bill will require several important program decisions that producers need to understand, and complete the necessary signup procedures if you intend to participate in the USDA programs. There may be several programs in

this newsletter that may work in your agricultural operation. Remember, when you sign the required paperwork, you are saying that you understand the program requirements and are accepting the responsibilities that are necessary for you to receive the benefits of your participation in the USDA program.

Rob Anderson of Lexington, Nebraska has been appointed to serve as the Chairman of the Nebraska FSA State Committee. Rob has been a member of the State Committee since 2001 and will continue to be an active committee member working for FSA in Nebraska. Congratulations, Rob!

Direct and Counter-Cyclical Program (DCP)

The deadline for enrolling into the 2008 Direct and Counter-Cyclical Program is **September 30, 2008**. Producers wishing to enroll into this program must have initiated the process with at least one party's signature by September 30 and the remaining signatures can be returned to the FSA Service Center no later than October 15, 2008.

A significant change in the program that was legislated in the 2008 Farm Bill is the restriction on payments to farms with 10.0 acres or less of base acres. These farms, if enrolled, are not eligible for payment unless the owners (all owners) of the farm are socially disadvantaged (as defined in the contract) or limited resource producers.

Socially disadvantaged producers are producers who are a member of a group whose members have been subjected to racial, ethnic or gender prejudice because of their identity as member of a group without regard to their individual qualities.

Limited resource producers are producers that meet **both** of the following:

- directly or indirectly has gross farm sales not more than \$100,000 in **both** of the previous 2 years. This limit is increased annually since 2004 to adjust for inflation.
- total household income is at or below the national poverty level for a family of 4, or less than 50 percent of the county median household income in **both** of the previous 2 years.

Note: The Limited Resource Producer status can be determined in an automated system using the USDA Limited Resource Farmer and Rancher Online Self Determination Tool at <http://www.lrftool.sc.egov.usda.gov/tool.asp>.

Enrollment for the 2009 Direct and Counter-Cyclical Program (DCP) is anticipated to begin mid to late fall 2008. The 2009 Program will include the new Average Crop Revenue Election Option (ACRE). This option is now under development by FSA. Advance direct payments are expected to be available beginning in December of 2008. Additional 2009 program details will be announced as they become available.



New Disaster Programs

The 2008 Farm Bill (the Food, Conservation and Energy Act of 2008) enacted a new set of disaster programs that affect producers in Nebraska. These programs are referred to collectively as the Supplemental Agriculture Disaster Assistance programs. The five programs are:

1. Supplemental Revenue Assistance Program (SURE)
2. Livestock Forage Disaster Program (LFP)
3. Livestock Indemnity Program (LIP)
4. Tree Assistance Program (TAP)
5. Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP)

With the exception of the Livestock Indemnity Program (LIP), these programs require the purchase of at least a catastrophic risk protection (CAT) level of insurance on insur-

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able crops and/or Noninsured Crop Disaster Assistance Program (NAP) coverage for non-insurable crops. This requirement to obtain these coverage(s) applies to 2008 and future years while this farm bill is in effect.

For 2008, producers were given the opportunity to meet this initial disaster program requirement to “buy-in” by paying administrative fees to meet eligibility by September 16. It is important to note that the “buy-in” did not provide CAT or NAP coverage for 2008 losses but rather satisfied the eligibility requirement for the applicable disaster program. For 2009 and future years, the CAT and NAP coverage must be purchased by the specific crop sales closing date.

Summary of New Disaster Programs

Supplemental Revenue Assistance Program (SURE) – This program applies to losses occurring on acres located within geographic areas declared as a disaster by the Secretary or an overall production loss greater than 50% on the farm. It is important to note that for this program, the farm means the sum of all crop acreages in all counties that the producer has an interest in the crop(s). This includes acres that are hayed or grazed.

Benefits under this program are calculated by determining a farm’s program guarantee and the total farm revenue. The program guarantee includes the price election for an insurable crop or the established price for NAP crops, the producer’s acres of that crop and the yield. The total for all crops within the farm make up the farm’s program guarantee. Total farm revenue is comprised of the harvested acres, actual yield, national average market price, indemnities (insurance or NAP) and program payments from commodity programs such as DCP or commodity loan benefits (gains or LDPs). Payments will be based on 60% of the difference between 90% of the program guarantee and the total farm revenue. The SURE program is designed to be a total farm revenue program and not a specific crop by crop disaster program.

2008 FARM BILL ASSISTANCE FOR LIVESTOCK PRODUCERS, WATCH FOR PUBLICATIONS ANNOUNCING THE ENROLLMENT PERIOD.

Livestock Forage Disaster Program (LFP) – This program is available for producers who suffered a qualifying grazing loss in 2008 through 2012 because of drought on

owned or leased grazing land or pastureland that is physically located in a county that has an area rated by the U.S. Drought Monitor. The qualifying drought ratings are: D2 (severe drought) intensity for at least 8 consecutive weeks during the normal grazing period; a drought rating of D3 (extreme drought) or D4 (exceptional drought) at any time during the normal grazing period. To be eligible for 2009 LFP the producer must have insurance coverage on the grazed land incurring the loss by purchasing NAP insurance coverage through FSA or effective for 2009 a new Pasture Range and Forage Program PRF-VI policy offered by your Risk Management Agency. Purchase of the NAP insurance coverage for 2009 grass and forage has been extended until December 1, 2008.

An exception only for 2008 eligibility allowed producers to pay a buy-up fee through September 16, 2008 for producers who had not obtained insurance or NAP coverage by the application deadline and had suffered a grazing loss.

Livestock Indemnity Program (LIP) – This program is available for livestock producers on farms incurring livestock death losses in excess of normal mortality during the calendar year because of adverse weather. The losses may be due to hurricanes, floods, blizzards, diseases, wildfires, extreme heat or extreme cold. The producer will be compensated for livestock loss based upon 75% of the fair market value determined by the Secretary for each livestock category. Insurance coverage is not required to qualify for this benefit. However, verifiable documentation of the death loss will be required as proof of death.

Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP) – This program is available after a Secretarial Disaster Declaration based upon adverse weather or other conditions, such as blizzards and wildfires. The eligible producers who suffer a livestock, honey bee, or farm-raised fish loss affected by the adverse weather or other conditions may qualify for benefits.

Milk Indemnity Loss Contract (MILC) – This program is available for dairy operations that commercially market milk anytime during the period of October 1, 2007 through September 30, 2012. The dairy operation applicants must be in conservation compliance. When the monthly Boston Class 1 milk price is below the national milk marketing rate (\$16.94/cwt) or a high national average dairy feed cost for the month constitutes an upper

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adjustment of the national milk marketing rate, a percentage of the price difference will be provided for the dairy operation's monthly milk marketing up to a maximum quantity limitation per fiscal year. The dairy operation must designate the starting month of each fiscal year for which the operation will begin receiving the monthly MILC benefits. The monthly milk production records must be provided to the administrative FSA county office to receive the benefits. Signup dates will be announced in the near future.



Fast Approaching Sales Closing Dates for 2009 Coverage

There are certain crops with crop insurance sales closing dates of **September 30, 2008**. The predominant crop in Nebraska affected by this date is winter wheat. In addition there are three counties that have rye policies available (Antelope, Pierce and Stanton). Alfalfa, alfalfa-grass mixtures and clover are insurable under Forage Production Policies in the following counties; Boyd, Buffalo, Cedar, Cuming, Custer, Dawes, Dawson, Holt, Howard, Keya Paha, Knox, Sherman and Valley. Producers of these crops in the listed counties should contact their crop insurance agent to obtain details about their crop insurance policy options in order to make an informed decision concerning whether to obtain coverage that will meet these new 2009 disaster program eligibility requirements.

NAP coverage for crops that crop insurance is not available has had the 2009 application closing date extended to **December 1, 2008**.

For sales closing dates of additional crops occurring in the spring of 2009, contact your local insurance agent and your FSA Service Center as applicable.

Payment Eligibility and Payment Limitation Requirements

Payment eligibility and payment limitation requirements remain the same in 2008 as 2007. Participants must be considered “actively engaged in farming”, and meet cash rent tenant provisions, when applicable. Payment may only be earned through three permitted entities, as designated by the participant. Payment limitations apply per “person”, as determined by the County Committee. Husbands and wives may be considered separate persons for payment limitation purposes if requested and all requirements are met. An adjusted gross income (AGI) limitation of \$2.5 million applies, unless 75% of the participant’s income is from farming, ranching and forestry.

With the passage of the 2008 Farm Bill, some significant changes will apply in 2009. Payments will be limited by direct attribution” which means that individual members of an entity will be credited with their pro rata share of the entity’s payment. “Person” determinations will no longer apply, and there will no longer be a restriction on the number of entities through which an individual can receive payment. The AGI limitation will decrease to \$750,000 for farm income and \$500,000 for nonfarm income. Future regulations will further define how the AGI limitation will be applied to specific programs.

Participants need to remember the importance of reporting any changes to their farming operation that affect FSA records. Examples include changes in the owner, operator or other producers on a farm, changes in lease or share arrangements, changes in entity ownership, changes in contributions to the farming operation of land, capital, equipment, labor or management, deceased producers, or changes in a participant’s compliance with AGI limitations. It is the participant’s responsibility to report these changes timely and accurately.



2005 – 2007 Crop Disaster Program Signup Ongoing

Signup for both production and/or quality losses occurring on 2005, 2006 or 2007 crops is ongoing. To date, an ending deadline has not been determined by the Secretary. However, we encourage producers to complete applications as soon as possible. To be eligible for disaster benefits, the producer must have had the crop insured if available or covered by the Noninsured Crop Disaster Assistance Program (NAP). Quality losses do require verifiable documentation of the loss exceeding 25%. Contact your local FSA Office for additional details concerning quantity and quality losses.

Deadline for Price Support on Wool and Unshorn Lamb Pelts

Eligible producers have until Jan. 31, 2009, to apply for loans and loan deficiency payments for wool or unshorn pelts produced during the 2008 crop year. Eligible producers must have beneficial interest in the wool or pelts, owned the lamb for at least 30 calendar days before the date of slaughter and sell the unshorn lamb for immediate slaughter.

Producers must also comply with wetland conservation and highly erodible land conservation provisions on all lands they operate or have interest in. File CCC-633EZ page 1 before beneficial interest is lost and page 4 of the CCC-633 EZ to request LDP benefits. Loans should be applied for at the county office.

CRP Continuous Sign-up Payments

FSA provides CRP continuous sign-up participants with rental payments, including any incentives, and cost-share assistance:

Rental Payments – In return for establishing long-term, resource-conserving covers, FSA provides annual rental payments to participants. FSA bases rental rates on the relative productivity of the soils within each county and the average dryland cash rent or cash rent equivalent. The maximum CRP rental rate for each offer is calculated in advance of enrollment.

The per-acre annual rental rate may not exceed FSA’s maximum payment amount and is calculated in advance of enrollment. While continuous sign-up acceptance is

not determined by a competitive offer process, producers may elect to receive an amount less than the maximum payment rate.

CRP rental rates are currently being updated by County and State FSA Committees and should be available August 1, 2008.

Cost-share Assistance – FSA provides cost-share assistance to participants who establish approved cover on eligible cropland. The cost-share assistance can be no more than 50 percent of the participant's cost to establish approved practices.

Financial Incentives – As a part of annual rental payments, FSA offers financial incentives of up to 20 percent of the soil rental rate for field windbreaks, grass waterways, filter strips, and riparian buffers. An additional 10 percent may be added to the soil rental rate for land located within EPA-designated wellhead protection areas. A per-acre payment rate may also be added for maintenance of eligible practices.

Additional Financial Incentives – Also as a part of annual rental payments, FSA offers participants the following payment enhancements:

- An up front signing incentive payment (CRP-SIP) up to \$100 per acre for eligible participants who enroll certain practices. The one-time SIP will be made after the contract is approved and all payment eligibility criteria are met; and
- A practice incentive payment (CRP-PIP) equal to 40 percent of the eligible installation costs for eligible participants who enroll certain practices. The one-time PIP will be issued after the practice is installed, eligible costs are verified, and other payment eligibility criteria are met.

For more information on CRP continuous signup, contact your local County FSA Office or visit FSA's Web site at: <http://www.fsa.usda.gov/>.



CRP Annual Rental Payments

County Offices will be issuing CRP annual rental payments due participants beginning in October 2009.

2009 NAP Sign-up Deadline

The Non-insured Crop Disaster Assistance Program (NAP) can soften financial losses caused by natural disasters, but only if you've applied for coverage and paid the application fee. The application deadline dates for certain 2009 NAP crops are as follows: December 1, 2008 for apples, asparagus, cherries, grapes, honey, plums, grass, alfalfa and fall seeded crops; and March 15, 2009 for barley, oats, potatoes and spring seeded vegetables.

NAP kicks in when natural disasters result in a catastrophic loss of production or prevented planting of an eligible crop. NAP coverage is equivalent to that provided by Catastrophic Risk Protection Plan (CAT) insurance and is available for commercial crops or agricultural commodities produced for food or fiber for which CAT is not available. NAP coverage is not available for livestock.

Producers with NAP coverage must remember to complete the following to qualify for benefits:

- Timely file acreage reports and keep track of harvested production using acceptable methods.
- File a Notice of Loss within 15 days of when the loss is apparent.

Reporting Non-insured Crop Losses

If you have applied for coverage under the Non-insured Crop Disaster Assistance Program (NAP) and suffer a loss or damage, don't forget that your local county office staff must be notified within 15 days of the latter of the occurrence of prevented planting or end of the planting period, or disaster occurrence or date damage to the specific crop acreage is apparent to the producer.

The timely reporting of a loss or damage is important. Failure to timely file a notice of loss can result in a determination of ineligibility for NAP payments. Late-filed reports may be approved only if the cause and extent of crop damage can be determined by a field inspection.

A notice of loss must be filed on a form CCC-576. Separate CCC-576's must be filed for each crop and type, or variety of the crop, affected by a weather-related event or adverse natural disaster occurrence. Subsequent weather events affecting the same crop must also be reported, but will be documented on the previously filed CCC-576.

A field inspection of your acreage may be necessary. If so, the county office staff will generally schedule one within five calendar days of the date of the notice of loss. If you plan to destroy the crop, the entire acreage must first be inspected. Acreage destroyed prior to an inspection or without consent of the county office staff will be ineligible for payment.

FSA Farm Loans Available

Direct Operating Loans and Farm Ownership Loans – The purpose of the loans are to obtain up to \$300,000 to finance your farm business. This includes annual operating and family living expenses, machinery, or breeding livestock purchases, refinance most operating type debts and real estate improvements or repairs for operating loans. Producers can also obtain up to \$300,000 to purchase real estate and real estate improvements or repairs. The interest rate as of September 1, 2008 is 3.875 percent for Operating Loans and 5.125 percent for Farm Ownership. Loans for real estate can be amortized for up to 40 years and for chattels up to 7 years.

Direct Farm Ownership Down Payment Loan Program – The purpose of the program is to provide credit for beginning farmers and ranchers and socially disadvantaged farmers and ranchers to purchase real estate. The applicant must place 5% down, FSA will provide 45% of the purchase price up to a maximum of \$225,000. The balance of the purchase price will be obtained from a conventional lender or seller financing. The interest rate as of September 1, 2008 is 1.5% fixed for the term of the loan which will be 20 years for the down payment loan program.

In order to qualify you must be a beginning farmer /rancher or a socially disadvantaged farmer/rancher. A beginning farmer/rancher must have been farming/ranching for at least 3 years and not more than 10 years. A beginning farmer/rancher cannot own real estate that exceeds 30 percent of the median farm size for the county. A socially disadvantaged applicant is one of a group whose members

have been subjected to racial, ethnic, or gender prejudice because of his or her identity as a member of the group without regard to his or her individual qualities. SDA groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans and Pacific Islanders.

Emergency Loans (EM) – The FSA may make EM loans to eligible family farmers which will enable them to return to their normal operations if they sustained qualifying losses resulting from natural disasters. To be eligible for these loans, you have to have farmed in a county designated or contiguous to a disaster area. All counties in Nebraska are currently designated except Dawes, Deuel and Sioux. The interest rate for the emergency loan is 3.75%. Most EM loans may be for up to seven years; however, if the loan is secured only on crops, it must be repaid when the next crop year's income is received. Loans to replace fixtures to the real estate may be scheduled for repayment up to 40 years. The final date for making an application for an EM loan is eight months after the disaster is declared.

Guaranteed Operating Loans and Farm Ownership Loans – The purpose of these loans is to obtain up to \$949,000 in Guaranteed Farm Ownership and/or Farm Operating loans. Funds can be used to purchase or enlarge a farm, refinance debt or for most operating uses. Under this program your local lender makes the loan and FSA provides a guarantee of up to 95 percent (depends on the circumstances) on the loan. This allows your local lender to continue to help you even if you are experiencing a decline in your financial condition. The interest rate is negotiated with the lender but should not exceed the rate charged to their average customers. You could qualify for Interest Assistance (4 percent rate reduction) if your cash flow and financial statements show the need. Loans for real estate can be amortized for up to 40 years and for chattel up to 7 years. Contact your local commercial lenders who participate in the Guaranteed loan program. Local FSA Service Centers have lists of participating lenders.

Youth Loans – Remember FSA makes operating loans to individual rural youths that are 10 through 20 to establish and operate income producing projects. These projects must be of modest size and be initiated, developed, carried out by rural youths participating in 4-H Clubs, FFA, or a similar organization or with a vocational teacher or county

extension agent. The project must be an organized and supervised program of work and the approved project must be related to the business of agriculture. It must be planned and operated with the assistance of the organization advisor, produce sufficient income to repay the loan, and provide the youth with practical business and educational experience. Contact your local FSA office for more details.



Farm Storage Facility Loan Program

Producers considering expanding their on-farm grain storage should look into the Farm Storage Facility Loan Program. This low interest loan program is available to all producers of eligible commodities to help build or upgrade commodity storage and handling facilities. Eligible commodities include corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, or minor oilseeds harvested as whole grain. Also eligible are corn, grain sorghum, wheat, oats or barley harvested as other than whole grain. Some of the program details include:

- Items eligible for loan are conventional bins designed for whole grain storage, oxygen limiting or upright silos designed for whole grain wet storage and silage, flat storage structures used primarily to store grain, and bunkers. Permanently affixed grain handling and drying equipment, safety equipment (ex. ladders), electrical equipment, concrete foundations, site preparation, materials and paid labor, are also eligible.
- Used equipment, portable dryers, scales, structures of temporary nature, or structures used for commercial purposes are not eligible.
- The loan amount will be up to 85% of the net cost of the facility, not to exceed \$100,000 per producer.
- The loan will be for a 7 year term with annual installments.
- The interest rate will be fixed for the term of the loan. The interest rate for Farm Storage Facility Loans approved in September 2008 will be 3.625%.

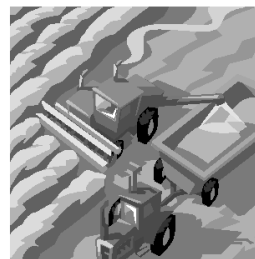
- A down payment of 15% is required. Producers are required to carry property insurance on the storage facility and also crop insurance on the facility commodity for the term of the loan.
- Loans over \$50,000 require real estate to be taken for security.
- Eligible bushel capacity is limited to 2 years of production minus the applicant's current available storage.
- There is a \$45 non-refundable application fee.

Attention Socially Disadvantaged Farmers

FSA has a number of loan programs available to assist applicants to begin or continue in agriculture production. Loans are available for operating type loans and/or purchase or improvements of farms or ranches.

While all qualified producers are eligible to apply for these loan programs, the FSA has provided priority funding for members of Socially Disadvantaged Applicants. A socially disadvantaged applicant is one of a group whose members have been subjected to racial, ethnic or gender prejudice because of his or her identity as members of the group without regard to his or her individual qualities.

For purposes of this program, socially disadvantaged groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans, and Pacific Islanders. If producers or their spouses believe they would qualify as socially disadvantaged, they should contact their local FSA office for details. FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.



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Doy Unzicker, Price Support Programs

Dates to Remember

Sep. 30, 2008

Final date to initiate a 2008 DCP contract.
Crop Insurance Sales Closing Date for winter
wheat, rye, and forage.

Oct. 13, 2008

Columbus Day Holiday. FSA offices closed.

Oct. 15, 2008

2005-2007 CDP sign-up begins.

Nov. 3, 2008

County Committee ballots mailed to voters.

Nov. 11, 2008

Veterans Day Holiday. FSA offices closed.

Nov. 27, 2008

Thanksgiving Day Holiday. FSA offices closed.

Dec. 1, 2008

NAP application closing date for apples,
asparagus, cherries, grapes, honey, plums, grass,
alfalfa, and fall seeded crops

Dec. 1, 2008

Last day to return County Committee election
ballots to county office or have postmarked.

Dec. 25, 2008

Christmas Day Holiday. FSA offices closed.

Ongoing

LCP and LIP sign-up.